

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

Junction Crossing Apartments, located at 120 Pacific Street in Roseville, requested and is being recommended for a reservation of \$1,088,931 in annual federal tax credits to finance the new construction of 79 units of housing serving tenants with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by St. Anton Communities, LLC and will be located in Senate District 4 and Assembly District 6.

Project Number CA-21-519

Project Name Junction Crossing Apartments
Site Address: 120 Pacific Street
 Roseville CA, 95678 County: Placer
Census Tract: 210.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,088,931	\$0
Recommended:	\$1,088,931	\$0

Applicant Information

Applicant: Junction Station, LP
Contact: Sahar Soltani
Address: 1801 I Street, Suite 200
 Sacramento CA, 95811
Phone: (916) 471-3000
Email: ss@antoncap.com

General Partner(s) or Principal Owner(s): St. Anton Junction Station, LLC
 PacH Anton South Holdings, LLC

General Partner Type: Joint Venture
Parent Company(ies): Blue Bronco, LLC
 Pacific Housing, Inc.

Developer: St. Anton Communities, LLC
Investor/Consultant: Boston Financial
Management Agent: St. Anton Multifamily, Inc

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 80
No. / % of Low Income Units: 79 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt

Bond Information

Issuer: CalPFA
 Expected Date of Issuance: May 26, 2021

Information

Housing Type: Non-Targeted
 Geographic Area: Capital Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
30% AMI:	8	10%
50% AMI:	8	10%
60% AMI:	40	51%
70% AMI:	23	29%

Unit Mix

20 SRO/Studio Units
<u>60</u> 1-Bedroom Units
80 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	30%	30%	\$453
6 1 Bedroom	30%	30%	\$486
2 SRO/Studio	50%	50%	\$756
6 1 Bedroom	50%	50%	\$810
10 SRO/Studio	60%	60%	\$907
30 1 Bedroom	60%	60%	\$972
6 SRO/Studio	70%	70%	\$1,058
17 1 Bedroom	70%	70%	\$1,134
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,413,492
Construction Costs	\$12,976,211
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$641,286
Soft Cost Contingency	\$167,962
Relocation	\$0
Architectural/Engineering	\$633,326
Const. Interest, Perm. Financing	\$968,571
Legal Fees	\$220,885
Reserves	\$196,144
Other Costs	\$3,431,420
Developer Fee	\$2,730,000
Commercial Costs	\$0
Total	\$23,379,297

Residential

Construction Cost Per Square Foot:	\$257
Per Unit Cost:	\$292,241
True Cash Per Unit Cost*:	\$286,164

Construction Financing

<u>Source</u>	<u>Amount</u>
Banner Bank	\$15,700,000
City of Roseville Subordinate Loan	\$4,360,000
Tax Credit Equity	\$1,067,000

Permanent Financing

<u>Source</u>	<u>Amount</u>
Banner Bank	\$7,600,000
City of Roseville Subordinate Loan	\$4,360,000
Deferred Interest	\$261,600
Deferred Developer Fee	\$486,175
Tax Credit Equity	\$10,671,522
TOTAL	\$23,379,297

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,943,072
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,225,994
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,088,931
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,730,000
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.98000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$20,943,072
Actual Eligible Basis:	\$20,943,072
Unadjusted Threshold Basis Limit:	\$24,827,280
Total Adjusted Threshold Basis Limit:	\$37,304,910

Adjustments to Basis Limit

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 10%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 20%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses are below the minimum operating expenses established in the Regulations (See "Significant Information / Additional Conditions" Section below), and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 4.00% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions

This Project's annual per unit operating expense total is below the TCAC published per unit operating minimums of \$5,300. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves an annual per unit operating expense total of \$4,535 on agreement of the permanent lender and equity investor.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.